



Redbubble Limited and Controlled Entities

ABN 11 119 200 592

Condensed Consolidated Interim Financial Report

For the half-year ended 31 December 2015

Redbubble Limited and Controlled Entities

Contents

For the half year ended 31 December 2015

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Redbubble Limited and Controlled Entities

Corporate Information

Directors

Richard Cawsey (Chair)
Martin Hosking (Chief Executive Officer)
Teresa Engelhard
Stephanie Tilenius
Greg Lockwood
Chris Nunn (resigned effective 28 October 2015)

Company Secretaries

Corina Davis
Paul Gordon

Registered Office

Level 3, 271 Collins Street
Melbourne VIC 3000
Australia

Share Register

Link Market Services
Level 1, 333 Collins Street
Melbourne VIC 3000
Australia

Auditors

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000
Australia

Bankers

Commonwealth Bank of Australia

Website

www.redbubble.com

Redbubble Limited and Controlled Entities

Director's Report

The Directors of Redbubble Limited present the interim report for the Company and its controlled entities for the half year ended 31 December 2015.

1. General information

Information on directors

The names of Directors of Redbubble Limited in office during the half-year and, except for Chris Nunn, up to the date of the report, are as follows:

- Richard Cawsey
- Martin Hosking
- Teresa Engelhard
- Stephanie Tilenius
- Greg Lockwood
- Chris Nunn (resigned effective 28 October 2015)

Mr. Nunn resigned as a director to take up an executive role with Redbubble as Chief Financial Officer.

2. Operating results and review of operations for the year

Operating results

The consolidated revenue for the period was AUD\$62.3 million compared to AUD\$36.4 million for half year ending 31 December 2014. The net loss for the period was AUD\$10.7 million compared to AUD\$0.9 million in the 2014.

The revenue growth during the period was generated by factors such as

- Improvements made in paid search and shopping channels
- Holiday season promotion strategy
- Changes in SEO that were implemented in late 2014, taking full effect in 2015
- Localisation of products
- Improvements to email marketing
- Search relevance improvements
- Launch of a number of new products

Our operating expenses during the current half-year were higher as compared to prior half-year primarily due to increased headcount of 59 people principally in the areas of web development and marketing & community.

Redbubble Limited and Controlled Entities

Director's Report

Review of operations

Key items include:

- Revenue of AUD\$62.3 million
- Net Loss of AUD\$10.7 million
- Net increase in cash and cash equivalents of AUD\$5.9 million after foreign exchange loss of AUD\$0.4 million

3. Other items

Matters or circumstances arising after the end of half year

In early March 2016, the Group raised \$12,250,000 by the issue of non-redeemable Pre-IPO Convertible Notes that are convertible into shares at a discount, on occurrence of certain events. They are entitled to interest of 8% per annum only if Redbubble Limited does not list on the ASX within 6 months of issue date.

Grant Murdoch was appointed as a Non-Executive Director and as Chair of the Company's Audit and Risk Committee with effect from 1 January 2016.

The Company continues to explore its options in relation to an initial public offer and has appointed Canaccord Genuity and Morgans as joint lead managers to advise them in relation to such a transaction.

No other matters or circumstances have arisen since the half year ended 31 December, 2015 which significantly affect or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Dividends

No dividends were paid or declared since the start of the financial year (2014: \$0).

Share split

Effective 1 December 2015, each ordinary share of Redbubble Limited was split into 40 ordinary shares.

Redbubble Limited and Controlled Entities

Director's Report

Share based payments

During the half year ended 31 December 2015, the Group granted options/performance rights over ordinary shares to employees and some of the key management personnel as under:

	Ordinary Share Options	Performance Rights
2015		
Grants made up to 30 November 2015	151,300	25,218
Add: Increase on account of share split	5,900,700	983,502
Grants made in December 2015	1,438,000	80,000
Total	7,490,000	1,088,720
2014		
Grants made during the half year ended 31 December 2014 (equivalent post split numbers)	3,160,000	2,870,320

Proceedings on behalf of the Group

No proceedings were undertaken on behalf of the Group.

Signed in accordance with a resolution of the Board of Directors:

Director: Director:

Dated

Redbubble Limited and Controlled Entities

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2015

		Half Year Ended	
		31-Dec-15	31-Dec-14
	Notes	\$'000	\$'000
Revenue from services		62,328	36,372
Operating expenses	4		
Fulfiller expenses		(41,827)	(23,756)
Employee benefits		(9,775)	(4,498)
Marketing		(6,528)	(3,859)
Operations and administration		(8,100)	(4,103)
Depreciation and amortisation		(1,689)	(889)
Finance costs		(574)	(9)
Total operating expenses		(68,493)	(37,114)
Finance income		84	20
Other expenses	4	(339)	(262)
(Loss)/profit before income tax		(6,420)	(984)
Income tax (expense)/benefit	5	(4,242)	71
Total (loss)/profit for the year attributable to owners		(10,662)	(913)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
(Loss)/gain on translation of foreign controlled operations		(346)	(251)
Total other comprehensive (loss)/income attributable to owners		(346)	(251)
Total comprehensive (loss)/income for the year attributable to owners		(11,008)	(1,164)
(Loss) per share attributable to the ordinary equity holders of the company			
Basic (loss) per share	6	(0.07)	(0.02)
Diluted (loss) per share	6	(0.07)	(0.02)

Redbubble Limited and Controlled Entities

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	31-Dec-15 \$'000	30-Jun-15 \$'000
Current assets			
Cash and cash equivalents		19,891	13,974
Trade and other receivables		2,261	1,217
Inventories		650	184
Other current assets		-	113
Related party loan		8	-
Total current assets		22,810	15,488
Non-current assets			
Intangible assets		5,893	4,591
Property, plant and equipment		1,375	1,191
Other non-current financial assets		466	517
Deferred tax assets	5	738	5,043
Related party loan		-	331
Total non-current assets		8,472	11,673
Total assets		31,282	27,161
Current liabilities			
Trade and other payables		20,335	10,285
Unearned revenue		4,926	1,652
Current tax liabilities		-	83
Employee benefit liabilities		891	692
Total current liabilities		26,152	12,712
Non-current liabilities			
Non-current borrowings	7	15,626	15,166
Employee benefit liabilities		64	46
Total non-current liabilities		15,690	15,212
Total liabilities		41,842	27,924
Net assets		(10,560)	(763)
Equity			
Contributed equity	8	10,320	9,532
Share based payment reserve		2,103	1,680
Foreign exchange translation reserve		(948)	(602)
Accumulated losses		(22,035)	(11,373)
Total equity		(10,560)	(763)

Redbubble Limited and Controlled Entities

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2015

2015	Notes	Share Capital \$'000	Share based payments reserve \$'000	Foreign exchange translation reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance as at 1 July 2015		9,532	1,680	(602)	(11,373)	(763)
(Loss) for the half year		-	-	-	(10,662)	(10,662)
Other comprehensive income		-	-	(346)	-	(346)
Total comprehensive income for the half year		-	-	(346)	(10,662)	(11,008)
Transactions with owners in their capacity as owners:						
Exercise of share options	8	389	-	-	-	389
Transfer of exercised options/performance rights		399	(399)	-	-	-
Issue of options/performance rights as share based compensation		-	822	-	-	822
Total transactions with owners in their capacity as owners		788	423	-	-	1,211
Balance at 31 December 2015		10,320	2,103	(948)	(22,035)	(10,560)

2014	Notes	Share Capital \$'000	Share based payments reserve \$'000	Foreign exchange translation reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance as at 1 July 2014		9,167	533	(61)	(5,105)	4,534
(Loss) for the half year		-	-	-	(913)	(913)
Other comprehensive income		-	-	(251)	-	(251)
Total comprehensive income for the half year		-	-	(251)	(913)	(1,164)
Transactions with owners in their capacity as owners:						
Exercise of share options	8	141	-	-	-	141
Issue of options/performance rights as share based compensation		-	100	-	-	100
Total transactions with owners in their capacity as owners		141	100	-	-	241
Balance at 31 December 2014		9,308	633	(312)	(6,018)	3,611

Redbubble Limited and Controlled Entities

Consolidated Statement of Cash Flows

For the half year ended 31 December 2015

	Half Year Ended	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	80,778	45,952
Payments to artists	(9,583)	(4,839)
Payments to suppliers and employees	(62,486)	(33,900)
Interest received	84	17
Income taxes paid	-	(148)
Net cash provided by operating activities	8,793	7,082
Cash flows from investing activities		
Payment for property, plant and equipment	(550)	(321)
Payment for intangible assets	(2,625)	(1,672)
Repayment of related party loan	323	-
Net cash (used in) investing activities	(2,852)	(1,993)
Cash flows from financing activities		
Proceeds from issue of share capital	389	141
Payments for establishment of loan facility	-	(182)
Net cash provided by financing activities	389	(41)
Net increase in cash and cash equivalents held	6,330	5,048
Cash and cash equivalents at beginning of year	13,974	4,621
Effect of exchange rate changes on cash and cash equivalents	(413)	(635)
Cash and cash equivalents at end of half year	19,891	9,034

Redbubble Limited and Controlled Entities

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

The Condensed Consolidated Interim Financial Report includes the Condensed Interim Financial Statements and Notes of Redbubble Limited and Controlled Entities (the Group). Redbubble Limited is a Public Company limited by shares, incorporated and domiciled in Australia.

1 Going Concern

The Group incurred a loss after tax of \$10,662,302 for the half year ended 31 December 2015 and as at that date, it had negative net assets of \$10,560,473. The Group is forecasting a further operating loss after tax for the second half of FY2016.

Subsequent to the Balance Sheet date, the Group has raised \$12,250,000 by the issue of Pre-IPO Convertible Notes to fund internal growth initiatives and provide additional working capital. The details of the issue are set out in Note 11(a).

In view of the above, the Directors believe the Group is able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial statements.

2 Summary of significant accounting policies, critical accounting estimates and judgments

(a) Summary of significant accounting policies

Basis of Preparation

This Interim Financial Report for the half year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting.

This Interim Financial Report does not include all the information and disclosures required in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015.

The accounting policies adopted in the preparation of the Interim Financial Report are consistent with those followed in the preparation of the Annual Report of the Group for the year ended 30 June 2015, except for the adoption of new standards and interpretations as of 1 July 2015 that did not have a material effect on the financial position or performance of the Group during the period.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

(b) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances. The Group makes estimates and assumptions concerning the future which may not equal the related actual results. These are discussed below.

(i) Revenue recognition principal versus agent

The Group is acting as the artists' agent in arranging for the selling of the artist's goods to customers for accounting purposes only. The amounts collected on behalf of artists are not recognised in the income statement.

The revenue recognised by the Group is effectively the cost of fulfilment and shipping plus Group's margin. Given the nature of the relationship between the Group and product fulfillers and the associated risks and rewards, the Group has determined, for accounting purposes only, that it is acting as a principal as opposed to as an agent with respect to fulfillers.

(ii) Development costs – capitalisation, valuation and impairment

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Determining the feasibility of the project and the likelihood of the project delivering future economic benefits, which can be measured reliably, is a significant management estimate and judgement.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project, typically between 2-5 years and are considered for impairment at each reporting date.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

(iii) **Recognition of deferred tax assets**

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense and from incurrence of tax losses and entitlement to non-refundable tax offsets. In evaluating the entity's ability to recover deferred tax assets within the jurisdiction from which they arise, the entity considers all available positive and negative evidence, including probability of achieving appropriate continuity of ownership levels, likelihood of meeting relevant definitions of "same business", scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. This evaluation requires significant management judgment. Refer to note 5 for more details.

(iv) **Share-based payments**

Equity-settled share-based payments with employees are measured at the fair value of the equity instrument at the grant date. Fair value of options is measured by using a Black-Scholes model and fair value of performance rights is measured by using the fair value of shares available at the grant date. The fair value of shares is determined by carrying out an independent valuation.

Most of the performance rights are subject to a liquidity event condition. No expense was recognised during the previous period on account of a liquidity event condition not being met. However, during the financial year ended 30 June 2015, the Group recognised the expense in relation thereto on account of a liquidity event being probable and continued to do so during the current period. Refer to notes 4 and 10 for more details.

(v) **US sales tax**

The Group currently collects and remits sales tax on sales made to customers in the US state of California via the Redbubble website. Management believes a sales tax nexus may exist due to its own offices being situated in that state. Significant management judgement is required to determine if nexus exists in other states. Management has determined that no taxes are payable in relation to sales in other states.

Redbubble Limited and Controlled Entities

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

3 Seasonality of Operations

The Group's revenue is affected by the holiday season which results in higher sales particularly in the December quarter. Consequently, the current assets and liabilities as at 31 December 2015 are not strictly comparable with the balances as at 30 June 2015.

4 Expenses

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Specific costs included within 'Operations and administration expenses'		
External service providers' expenses	2,133	627
Web hosting and technology expenses	1,765	742
Rental expense on operating leases	611	479
Employee Benefits		
Salary costs	8,560	4,135
Share based payments	822	100
Superannuation costs	393	263
Total employee benefits	9,775	4,498
Specific costs included within 'Other expenses'		
Net foreign exchange loss	339	262

5 Deferred Tax Assets (DTA)

During the half year ended 31 December 2015, the Group de-recognised a DTA of \$4,648,046 attributable to Australian carried forward tax losses and non-refundable research and development offsets, reflecting a more conservative approach to the treatment of tax losses. However, during the half year ended 31 December 2015, the Group did recognise \$406,342 of DTA attributable to other items such as timing differences.

As at the half year end, the Group had a DTA of \$6,392,308 attributable to Australian carried forward tax losses and non-refundable research and development offsets that was not recognised in the Balance Sheet. The DTA attributable to other items such as timing differences as at 31 December 2015 amounts to \$737,513.

Redbubble Limited and Controlled Entities

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

6 (Loss) Per Share

(Loss) per share

	31 Dec 2015 \$ per share	31 Dec 2014 \$ per share
Basic/Diluted (loss) per share		
Basic (loss) per share attributable to the ordinary equity holders of the company	(0.07)	(0.02)
Diluted (loss) per share attributable to the ordinary equity holders of the company ⁽¹⁾	(0.07)	(0.02)

Weighted average number of shares used as the denominator

	31 Dec 2015 number	31 Dec 2014 number
Weighted average number of shares used as denominator in calculating Basic/Diluted (loss) per share	142,681,761	48,438,030

Reconciliation of (loss) used in calculating (loss) per share

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
(Loss) attributable to the ordinary equity holders of the company used in calculating Basic/Diluted (loss) per share	(10,662)	(913)

⁽¹⁾ Due to loss incurred during the half year, inclusion of preference shares, options/warrants over ordinary shares would be anti-dilutive, as these would increase the denominator used in calculating diluted EPS and thereby reduce the loss per share.

Redbubble Limited and Controlled Entities

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

7 Non-Current Borrowings

	31 Dec 2015 \$'000	30 June 2015 \$'000
Cumulative redeemable preference shares ⁽¹⁾	15,626	15,166
Total non-current borrowings	15,626	15,166

⁽¹⁾ Cumulative redeemable preference shares (unsecured):

On 21 May, 2015, the Group raised \$15,500,000 by issuing 476,774 cumulative redeemable preference shares (CRPS) at \$32.51 per share (face value). The terms of issue are as under:

- (a) Dividend:
The CRPS are entitled to an initial dividend of \$0.01 per share over the initial dividend period and 5% of face value thereafter. The payment of dividend is at the sole discretion of the Directors. The entitlement of dividend is cumulative in nature and has preference over dividend on any other capital.
- (b) Redemption:
The CRPS are redeemable at the discretion of the holders anytime after 3 years of the issue or under certain other circumstances. On redemption, they are entitled to receive the face value of the CRPS and any accumulated unpaid dividend thereon.
- (c) Conversion:
The CRPS can be converted into ordinary shares at the discretion of the holders. However, they mandatorily convert into ordinary shares upon the occurrence of certain liquidity events, including an IPO. In order to calculate the number of ordinary shares to be issued on conversion, both the face value and the accumulated unpaid dividends will be aggregated.
- (d) Voting rights:
The holders do not have any voting rights unless dividend entitlements are unpaid.
- (e) General rights:
CRPS rank equally among themselves and are unsecured and subordinated to all creditors. In the event of winding up, they are entitled to receive face value and accumulated unpaid dividends in preference of ordinary shareholders. They have no further rights to participate in any surplus assets on winding up.

Transaction costs of \$437,000 were incurred in relation to CRPS of which \$348,000 remains unamortised as at 31 December 2015 (\$421,000 as at 30 June 2015).

The value of CRPS disclosed above includes \$474,000 representing a 5% dividend entitlement for the period up to 31 December 2015 (\$87,000 as at 30 June 2015).

Redbubble Limited and Controlled Entities

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

8 Contributed Equity

	31 Dec 2015 \$'000	30 June 2015 \$'000
144,308,680 Ordinary Shares (2015: 3,531,591)	9,733	9,344
Transfer of exercised options/performance rights	587	188
Total	10,320	9,532

(a) Ordinary Shares

Movements in Ordinary Share Capital:

	Date	Exercise Price \$	Number of Shares	\$'000
Opening Balance 1 July 2015			3,531,591	9,344
Exercise of options	31 August 2015	2.00	26,000	52
Exercise of options	29 September 2015	5.00	15,840	79
Exercise of options	20 November 2015	14.99	16,438	246
Exercise of options	20 November 2015	3.00	4,032	12
Shares issued to employees for vested performance rights	9 September 2015	-	1,304	-
Shares issued to employees for vested performance rights	7 October 2015	-	7,506	-
Shares issued to employees for vested performance rights	11 November 2015	-	1,434	-
Shares issued to employees for vested performance rights	20 November 2015	-	3,572	-
Total Shares issued during the half year reporting period			76,126	389
Closing Balance 30 November 2015			3,607,717	9,733
Add: Increase in number of shares on account of share split ¹			140,700,963	-
Closing Balance 31 December 2015			144,308,680	9,733
Opening Balance 1 July 2014			1,196,225	974
Exercise of options	17 July 2014	8.00	4,514	36
Exercise of options	25 September 2014	1.50	10,000	15
Exercise of options	2 December 2014	1.00	19,992	20
Exercise of options	2 December 2014	5.00	12,760	64
Exercise of options	24 December 2014	2.00	3,024	6
Total Shares issued during the half year reporting period			50,290	141
Closing Balance 31 December 2014			1,246,515	1,115

(b) Preference Shares

Movements in Preference Share Capital:

	Number of Shares	\$'000
Opening Balance 1 July 2015 ²	-	-
Closing Balance 31 December 2015	-	-
Opening Balance 1 July 2014	2,265,016	8,193
Closing Balance 31 December 2014	2,265,016	8,193

¹ Effective 1 December 2015, each share of Redbubble Limited was split into 40.

² The preference shares were converted into ordinary shares effective 9 January 2015.

Redbubble Limited and Controlled Entities

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

9 Transactions with related parties

- (a) Mr. Cawsey, the Chair of the Board, is a partner of Denali Venture Partners. Denali Venture Partners has provided various consulting services to the Group during the half year ended 31 December 2015 for which fees of \$45,000 were paid (2014: \$38,000). The consulting fees are based on the time and service provided and the rates are equivalent to other similarly sized entities. At the half year end, the balance outstanding towards consulting services was \$Nil (2014: \$5,000).
- (b) The Group recovered a related party loan of \$323,000 during the half year ended 31 December 2015. At the half year end, the balance outstanding was \$8,000 (2014: \$331,000) which has been recovered subsequent to the balance sheet date.
- (c) One of the key management personnel (KMP) exercised his options and sold the related shares during the half year ended 31 December, 2015. As at the half year end, the Group has a receivable of \$79,000 (2014: \$Nil) from the KMP in relation the exercise of options and withholding taxes on the sale of related shares which has been recovered subsequent to the balance sheet date.
- (d) A relative of one of the KMP provided executive relocation services to the Group during the half year. The fees paid to this service provider during the period totaled \$8,645 (2014: \$Nil). The fees are based on the time and service provided and the rates are equivalent to other similarly sized entities. At the half year end, the balance outstanding was \$1,425 (2014: \$Nil).

10 Share based payments

During the half year, the Group made ordinary share options/performance rights grants to employees and some of the KMP. The value of each ordinary share option granted ranged between \$0.34 and \$0.68 (2014 - \$0.26) and the value of each performance right granted ranged between \$0.70 and \$1.20 (2014 - \$0.48).

2015	Ordinary Share Options	Performance Rights
Grants made up to 30 November 2015	151,300	25,218
Add: Increase on account of share split	5,900,700	983,502
Grants made in December 2015	1,438,000	80,000
Total	7,490,000	1,088,720

2014		
Grants made during the half year ended 31 December 2014 (equivalent post split numbers)	3,160,000	2,870,320

Redbubble Limited and Controlled Entities

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2015

11 Matters or circumstances arising after the end of the year

(a) The Group raised \$12,250,000 (face value) by the issue of Pre-IPO Convertible Notes (Notes). The terms of issue are:

- (i) Interest:
The Notes are entitled to an interest of 8% per annum, payable semi-annually in arrears. However, no interest shall accrue or be paid if Redbubble Limited lists on ASX within 6 months following issue date.
- (ii) Conversion:
The face value of Notes, together with accrued interest thereon, will convert into shares upon:
- | Event | Conversion Into |
|--|--|
| IPO | Ordinary shares |
| Qualified Financing (Equity capital raising of \$25,000,000 or more) | Same class of shares as issued for Qualified Financing |
| Trade Sale | Convertible Preference shares (unless they are redeemed at the election of the noteholder) |
- (iii) Conversion Price:
The Notes are convertible into shares at lower of:
Price at which the conversion events occur, adjusted for a conversion discount depending on the timeframe in which the conversion events are achieved
OR
Valuation cap of \$360,00,000 divided by the fully diluted total number of shares on issue
- (iv) Maturity:
The maturity date is 18 months following the issue date and on maturity date, the Notes convert into convertible preference shares at a valuation which is lower of:
 $6.4 \times \text{FY2017 Gross Profit}$
OR
\$360,00,000
- (v) Redemption:
The Notes are redeemable at the election of the noteholder under following circumstances:
in the event of Trade sale
if the Company suffers any insolvency event
- (vi) Priority:
The Notes and any preference shares into which they convert rank equally with the CRPS for dividends and capital distributions.

(b) Grant Murdoch was appointed as a Non-Executive Director and as Chair of the Company's Audit and Risk Committee with effect from 1 January 2016. He was granted 89,540 performance rights on 1 February 2016 of which 4,875 performance rights vested immediately and balance vest equally over next 35 months.

(c) A related party loan of \$8,000 and amount receivable from one of the KMP of \$79,000 as at the half year end, have both been recovered.

(d) No other matters or circumstances have arisen since the half year ended 31 December 2015 that significantly affect or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Redbubble Limited and Controlled Entities

12 Contingencies

In the opinion of the Directors, the Group as well as the parent entity, Redbubble Limited, did not have any contingencies at 31 December 2015 (31 December 2014: \$Nil).

13 Segment information

The Group is an online marketplace and accordingly, has identified that as its only operating segment.

Redbubble Limited and Controlled Entities

Directors' Declaration

In accordance with a resolution of the directors of Redbubble Limited, the directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 5 to 18, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with Accounting Standard AASB 134 Interim Financial Reporting; and
 - b. give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the consolidated group; and
- 2 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

Director

Dated this

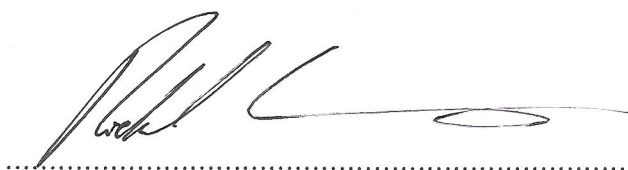
Redbubble Limited and Controlled Entities

Directors' Declaration

In accordance with a resolution of the directors of Redbubble Limited, the directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 5 to 18, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with Accounting Standard AASB 134 Interim Financial Reporting; and
 - b. give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the consolidated group; and
- 2 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director



Director



Dated this

18 March 2016